

# MERCED COUNTY ECONOMIC FORECAST

Merced County is located in the San Joaquin Valley and is home to the newest University of California campus, UC Merced. The campus opened in September 2005 with about 1,000 students and expects to add approximately 800 to 1,000 students per year, reaching a maximum of 25,000 students by 2030. Merced County has a population of 244,320 people and 69,200 wage and salary jobs. The per capita income in Merced County is \$24,154, and the average salary per worker is \$35,644.

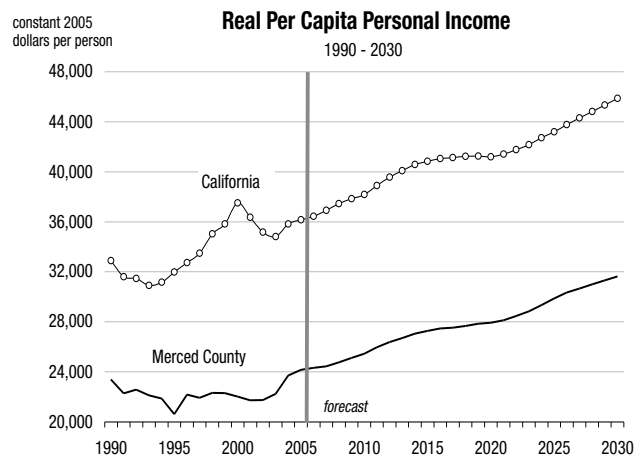
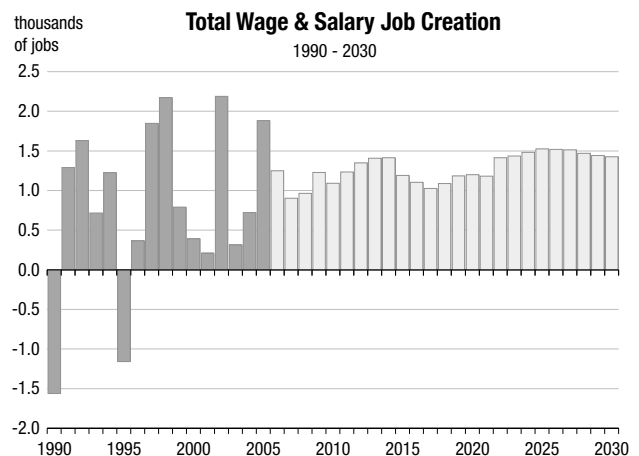
Although not nearly as robust as Southern California, employment growth in Northern California was strong in 2005, compared to the previous four years. Employment in the greater Bay Area increased by 0.8 percent last year, while the San Joaquin Valley grew at a robust pace of 2.3 percent. In 2005, nearly 1,900 total wage and salary jobs were created in Merced County, representing a growth rate of 2.8 percent. Farm employment, which accounts for almost 16 percent of total employment, grew for the first time since 2000, adding 600 jobs. The non-farm sector added 1,275 new jobs, representing a growth rate of 2.2 percent. However, the unemployment rate increased to 11.5 percent in 2005.

The principal sectors that are producing jobs in Merced County are government, construction, financial services and agriculture. These four sectors accounted for virtually all job growth in 2005. The largest sectors in the county are government, manufacturing, and farm. The manufacturing sector has grown each of the last four years, but is still below the level of employment in 1998 and 1999.

The population grew in Merced County at a rate of 2.2 percent in 2005. The fastest growing cities in the county are Los Banos and Merced, which grew 5.1 and 3.0 percent respectively, between January 2005 and January 2006. Merced is the largest city in the county and is currently home to 76,225 residents.

## FORECAST HIGHLIGHTS

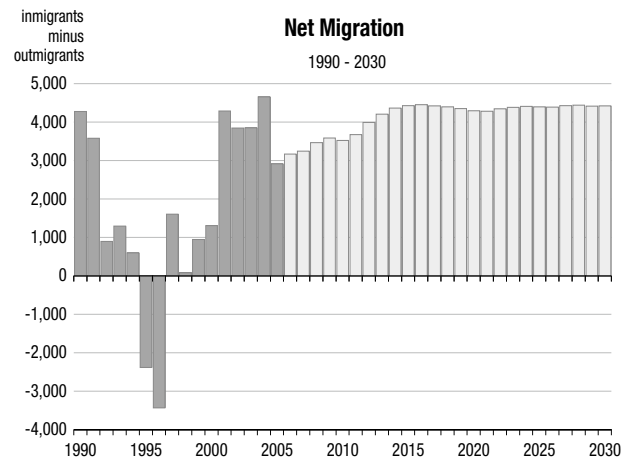
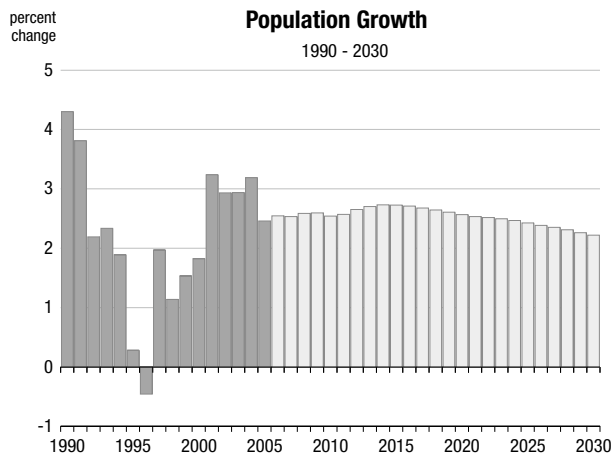
- Total wage and salary job growth is forecast to decline to 1.8 percent in 2006. From 2006 to 2010, total employment growth averages 1.5 percent per year, while non-farm job growth averages 1.6 percent per year.
- Average salaries adjusted for inflation are currently below the California state average, and will remain so over the forecast period. Inflation adjusted salaries are expected to rise an average of 0.3 percent per year over the next 5 years.
- Between 2006 and 2010, the momentum for employment growth is in wholesale and retail trade, education and healthcare services, leisure services and government sectors. These sectors account for over 69 percent of all jobs created in the county over the next five years.
- The population in the county will continue to grow faster than the state average. Annual growth in the 2006 to 2010 period averages 2.6 percent per year.
- Net migration will be 3,200 people in 2006. Over the next five years net migration is expected to average approximately 3,400 people per year.
- Real per capita income is forecast to increase 0.7 percent in 2006. Over the next five years real per capita incomes are forecast to increase an average of 1.6 percent per year.
- Industrial production is forecast to increase 2.8 percent in 2006. Over the next five years the growth rate of industrial production will average 2.7 percent per year. Total real crop production is expected to decline by 1.4 percent per year between 2006 and 2010.



# Merced County Economic Forecast

## 1997-2005 History, 2006-2030 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1997	202,021	1,609	141.5	62.3	1,010	\$1.4	\$3.5	\$21,929	3.4	1.93	1.05	15.8
1998	204,325	88	150.4	63.1	1,032	\$1.5	\$3.7	\$22,312	3.2	1.78	1.21	15.2
1999	207,457	949	156.0	63.9	1,003	\$1.6	\$3.9	\$22,302	4.2	1.80	1.21	13.4
2000	211,247	1,311	161.9	63.8	1,553	\$1.7	\$4.1	\$22,031	4.5	1.73	1.20	9.6
2001	218,089	4,293	171.0	64.8	1,131	\$1.8	\$4.4	\$21,717	5.4	1.82	1.11	10.2
2002	224,487	3,851	180.8	66.0	1,726	\$1.9	\$4.6	\$21,748	1.6	1.82	1.32	11.0
2003	231,080	3,852	182.9	67.1	2,946	\$2.0	\$5.0	\$22,231	1.8	1.98	1.45	11.5
2004	238,455	4,659	197.3	69.2	2,576	\$2.3	\$5.5	\$23,698	1.2	2.41	1.60	10.9
2005	244,320	2,920	200.2	72.1	3,740	\$2.5	\$5.9	\$24,154	2.0	2.33	1.67	11.5
2006	250,540	3,168	209.0	74.6	3,827	\$2.8	\$6.3	\$24,312	3.9	2.26	1.72	11.0
2007	256,896	3,246	217.5	77.6	3,244	\$3.0	\$6.7	\$24,433	2.4	2.22	1.77	11.0
2008	263,545	3,470	225.8	80.7	2,791	\$3.2	\$7.1	\$24,757	2.0	2.18	1.82	11.4
2009	270,391	3,586	233.9	83.8	2,436	\$3.5	\$7.5	\$25,121	2.0	2.16	1.87	11.9
2010	277,269	3,528	242.0	86.7	2,236	\$3.8	\$8.0	\$25,446	2.5	2.16	1.92	12.1
2011	284,396	3,679	250.2	89.4	2,074	\$4.0	\$8.6	\$25,961	2.4	2.16	1.99	12.2
2012	291,949	3,992	258.4	92.0	2,127	\$4.4	\$9.2	\$26,379	2.2	2.16	2.08	12.5
2013	299,847	4,207	266.7	94.4	2,262	\$4.7	\$9.7	\$26,707	2.3	2.17	2.17	12.6
2014	308,044	4,364	275.1	96.8	2,437	\$5.0	\$10.4	\$27,045	2.3	2.18	2.26	12.8
2015	316,454	4,429	283.6	99.3	2,408	\$5.4	\$11.0	\$27,268	2.5	2.19	2.35	12.9
2016	325,040	4,454	292.3	101.7	2,284	\$5.8	\$11.7	\$27,471	2.7	2.20	2.42	13.1
2017	333,746	4,421	301.1	104.2	2,340	\$6.1	\$12.4	\$27,540	2.7	2.21	2.49	13.1
2018	342,581	4,401	309.9	106.6	2,372	\$6.5	\$13.1	\$27,678	2.5	2.22	2.58	13.2
2019	351,515	4,353	318.6	109.1	2,506	\$7.0	\$13.8	\$27,844	2.5	2.23	2.67	13.1
2020	360,538	4,298	327.1	111.6	2,555	\$7.4	\$14.6	\$27,932	2.5	2.24	2.76	13.0
2021	369,678	4,283	335.1	114.2	2,572	\$7.9	\$15.4	\$28,121	2.4	2.24	2.82	12.9
2022	378,996	4,346	342.6	116.8	2,589	\$8.3	\$16.4	\$28,465	2.5	2.25	2.83	12.8
2023	388,461	4,384	349.6	119.4	2,629	\$8.9	\$17.5	\$28,847	2.5	2.26	2.83	12.7
2024	398,048	4,409	356.2	122.1	2,662	\$9.4	\$18.6	\$29,341	2.3	2.27	2.79	12.7
2025	407,712	4,399	362.4	124.8	2,705	\$10.0	\$19.9	\$29,878	2.4	2.28	2.72	12.6
2026	417,443	4,393	368.4	127.5	2,742	\$10.6	\$21.2	\$30,335	2.4	2.29	2.73	12.5
2027	427,272	4,432	374.3	130.3	2,774	\$11.3	\$22.5	\$30,663	2.5	2.30	2.73	12.4
2028	437,163	4,445	380.1	133.1	2,777	\$12.0	\$23.8	\$30,988	2.7	2.31	2.76	12.4
2029	447,063	4,416	386.0	136.0	2,767	\$12.7	\$25.3	\$31,308	2.7	2.32	2.81	12.3
2030	456,994	4,423	391.9	138.8	2,761	\$13.4	\$26.8	\$31,624	2.6	2.33	2.85	12.2



# Merced County Employment Forecast

## 1997-2005 History, 2006-2030 Forecast

	Total Wage & Salary	Farm	Mining & Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
1997	60.5	11.10	1.5	11.0	1.8	7.6	1.6	2.9	0.8	4.8	4.3	11.6
1998	62.7	11.06	1.8	12.1	1.7	8.0	1.5	3.1	1.3	4.6	4.4	11.7
1999	63.5	11.51	2.0	11.5	1.6	8.0	1.6	3.3	1.4	4.8	4.4	11.9
2000	63.9	11.58	2.1	10.4	1.7	8.4	1.7	3.3	1.4	5.1	4.5	12.2
2001	64.1	10.89	2.3	9.8	1.9	8.4	1.7	3.4	1.4	5.1	4.5	13.1
2002	66.3	10.75	2.4	10.6	2.3	8.6	1.7	3.3	1.5	5.4	4.5	13.4
2003	66.6	10.59	3.0	10.7	2.1	8.6	1.7	3.4	1.5	5.5	4.5	13.3
2004	67.3	10.22	3.3	11.1	1.9	9.0	1.7	3.3	1.6	5.5	4.7	13.4
2005	69.2	10.83	3.5	11.2	1.9	9.0	1.9	3.2	1.6	5.5	4.7	14.1
2006	70.4	10.96	3.8	11.2	2.0	9.2	2.0	3.3	1.6	5.7	4.8	14.4
2007	71.3	11.07	3.6	11.2	2.0	9.4	2.1	3.3	1.6	5.8	4.9	14.7
2008	72.3	11.16	3.5	11.3	2.0	9.7	2.2	3.4	1.6	5.9	5.0	15.0
2009	73.5	11.23	3.5	11.3	2.0	10.0	2.2	3.4	1.7	6.0	5.1	15.3
2010	74.6	11.31	3.4	11.4	2.1	10.3	2.2	3.5	1.8	6.1	5.2	15.6
2011	75.9	11.37	3.4	11.4	2.1	10.6	2.2	3.5	1.9	6.2	5.4	15.9
2012	77.2	11.44	3.4	11.5	2.2	11.0	2.2	3.6	2.0	6.3	5.5	16.1
2013	78.6	11.50	3.6	11.5	2.2	11.4	2.2	3.7	2.1	6.5	5.6	16.3
2014	80.0	11.56	3.9	11.5	2.3	11.8	2.2	3.7	2.2	6.7	5.7	16.4
2015	81.2	11.62	4.0	11.5	2.3	12.2	2.2	3.8	2.3	6.9	5.8	16.5
2016	82.3	11.69	4.1	11.5	2.4	12.5	2.2	3.8	2.4	7.1	5.9	16.6
2017	83.4	11.75	4.1	11.5	2.4	12.9	2.2	3.9	2.4	7.4	6.0	16.7
2018	84.4	11.81	4.1	11.5	2.5	13.3	2.2	3.9	2.5	7.6	6.2	16.7
2019	85.6	11.88	4.1	11.5	2.5	13.7	2.2	3.9	2.6	7.9	6.3	16.9
2020	86.8	11.94	4.0	11.4	2.6	14.1	2.2	4.0	2.6	8.2	6.5	17.0
2021	88.0	12.00	3.9	11.4	2.6	14.5	2.2	4.0	2.7	8.4	6.7	17.3
2022	89.4	12.06	4.0	11.3	2.7	14.9	2.2	4.0	2.8	8.7	6.8	17.6
2023	90.9	12.12	4.0	11.2	2.8	15.3	2.2	4.1	2.8	9.0	7.0	17.9
2024	92.4	12.18	4.1	11.2	2.8	15.8	2.2	4.1	2.9	9.3	7.2	18.2
2025	93.9	12.24	4.2	11.1	2.9	16.2	2.2	4.1	2.9	9.6	7.4	18.5
2026	95.4	12.31	4.2	11.1	2.9	16.7	2.2	4.1	3.0	9.9	7.5	18.8
2027	96.9	12.37	4.3	11.1	3.0	17.2	2.2	4.2	3.0	10.2	7.7	19.1
2028	98.4	12.43	4.3	11.1	3.0	17.6	2.2	4.2	3.1	10.5	7.9	19.4
2029	99.8	12.49	4.3	11.1	3.1	18.1	2.2	4.2	3.1	10.8	8.0	19.7
2030	101.3	12.55	4.4	11.1	3.1	18.6	2.2	4.3	3.2	11.0	8.2	20.0

